

## **SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF CLAIMS**

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF CLAIMS ["Settlement Agreement"] is made by and between the *North Carolina Department of Health and Human Services*, an agency of the State of North Carolina ["DHHS"], *Connectinc, Inc.*, a North Carolina non-profit corporation ["Connectinc"] and *Philadelphia Indemnity Insurance Company*, a Pennsylvania corporation ["PIIC"] and provides as follows:

### **RECITALS**

A. Certain disputes and controversies have arisen with respect to Connectinc's use of certain grant funds it has received in the past from DHHS and certain reimbursements Connectinc was to receive from DHHS in connection with certain grants and other programs administered by Connectinc.

B. DHHS, Connectinc and PIIC (Connectinc's insurance carrier) have agreed to a full and final settlement of all disputes and controversies between them in order to avoid the burden, expense and inconvenience of litigation.

NOW THEREFORE, in consideration of the mutual promises and releases contained herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties to this Settlement Agreement hereby covenant and agree as follows:

1. **Payment to DHHS.** In exchange for the release in paragraph 2 herein below and the other covenants of the parties contained herein, the sufficiency of which are hereby acknowledged, PIIC/Connectinc shall pay DHHS Ninety-Five Thousand Dollars (\$95,000.00) upon full execution of this Settlement Agreement ["Settlement Payment"].

2. **Release by DHHS.** In consideration of the Settlement Payment, the release in

Paragraph 3 and the other covenants of the parties contained herein, the sufficiency of which are hereby acknowledged, DHHS, for itself, its officers, employees, agents, attorneys, representatives, affiliates, successors, predecessors, assigns and all others claiming under or through it, hereby forever discharges and releases Connectinc and PIIC, their officers, directors, shareholders, employees, agents, attorneys, representatives, parents, subsidiaries, subsidiaries of the parent, affiliates, successors, predecessors, and assigns from any and all claims, liabilities, actions or causes of action of any kind or character whatsoever, whether at law or at equity, whether known or unknown, whether contingent or absolute, which DHHS now has, ever had, or may hereafter have, arising out of any alleged acts or omissions of any nature whatsoever from the beginning of time to the date of this Settlement Agreement, whether based upon contract, tort, statute, common law, fraud, or any other theory of recovery. This includes, but is not limited to, any and all liability owed by ConnectInc to DHHS for the return of funds paid by DHHS pursuant to the terms of Contract No. 00305-10 (involving the “Benefit Bank” project funded by TANF/ARRA grants) and Contract No. 17622 (regarding the administration of a Medication Access/Mental Health project funded by DHHS Health and Wellness Trust Funds). The parties to this Settlement Agreement acknowledge, however, that the release set forth in this paragraph shall not apply to any claim(s) for enforcement of this Settlement Agreement.

3. **Release by Connectinc and PIIC.** In consideration of the release in paragraph 2 and the other covenants of the parties contained herein, the sufficiency of which are hereby acknowledged, Connectinc and PIIC, for themselves, their officers, employees, agents, attorneys, representatives, affiliates, successors, predecessors, assigns and all others claiming under or through them, hereby forever discharge and release DHHS, its officers, directors, shareholders, employees, agents, attorneys, representatives, parents, subsidiaries, subsidiaries of

the parent, affiliates, successors, predecessors, and assigns from any and all claims, liabilities, actions or causes of action of any kind or character whatsoever, whether at law or at equity, whether known or unknown, whether contingent or absolute, which they now have, ever had, or may hereafter have, arising out of any alleged acts or omissions of any nature whatsoever from the beginning of time to the date of this Settlement Agreement, whether based upon contract, tort, statute, common law, fraud, or any other theory of recovery. This includes, but is not limited to, any and all liability owed by DHHS to ConnectInc for the payment of funds pursuant to the terms of Contract No. Contract No. 00689-11 (concerning the Work Central Career Advancement Program). The parties to this Settlement Agreement acknowledge, however, that the release set forth in this paragraph shall not apply to any claim(s) for enforcement of this Settlement Agreement.

4. **Costs of Dispute.** The parties to this Settlement Agreement agree that each party shall bear its own expenses, costs and attorneys' fees incurred in connection with this Settlement Agreement.

5. **Full Capacity.** The parties to this Settlement Agreement represent that they have full power and all requisite authority to execute and perform this Settlement Agreement and that they have not assigned or transferred any of the claims hereby released.

6. **Disputed Claims.** The parties to this Settlement Agreement understand, agree and represent that this Settlement Agreement constitutes a full and complete settlement of disputed claims and of liabilities claimed and denied, and that neither the execution nor the acceptance of this Settlement Agreement, nor the Settlement Payment or releases described herein, shall be construed, directly or indirectly, as an admission by any party of any fact or of liability or fault by any party to this Settlement Agreement.

7. **Entire Agreement.** The parties to this Settlement Agreement acknowledge and represent that this Settlement Agreement contains the entire agreement between them regarding the matters set forth and that it supersedes any previous negotiations, discussions and understandings regarding such matters. The parties to this Settlement Agreement further acknowledge that no representations, inducements, promises or agreements, oral or written, have been made by any party or anyone acting on behalf of any party to this Settlement Agreement which is not embodied in this Settlement Agreement. The parties to this Settlement Agreement acknowledge and represent that they are (a) represented by counsel of their own choosing in this matter, (b) have reviewed the contents of this Settlement Agreement with such counsel, and (c) are relying on their own judgment and the advice of their own counsel in executing this Settlement Agreement. The terms of this Settlement Agreement are contractual and not a mere recital, and the parties to this Settlement Agreement agree that the contents of this Settlement Agreement may be used in evidence to demonstrate the parties' knowing and valid release of all claims against the other. The parties to this Settlement Agreement further agree that counsel for the parties to this Settlement Agreement have had an opportunity to participate in the negotiation and drafting of this Settlement Agreement and that any ambiguity in this Settlement Agreement will not be construed against any party to this Settlement Agreement. All prior understandings, representations, and agreements are merged into this Settlement Agreement, and this Settlement Agreement shall not be modified in any manner, except by written instrument signed by all parties to this Settlement Agreement.

8. **Confidentiality.** In consideration of the covenants of the parties contained herein, the sufficiency of which are hereby acknowledged, the parties to this Settlement Agreement and their counsel agree that the existence and terms of this Settlement Agreement

shall remain forever confidential except as may be necessary to obtain enforcement of the terms of this Settlement Agreement or as otherwise required under North Carolina law or as otherwise set forth in this paragraph. Except as permitted herein, the parties and their attorneys shall not hereafter disclose to or discuss with any non-party person or entity the existence of or the terms of the settlement reflected by this Settlement Agreement, except that the parties and their counsel may make such disclosures as may be necessary (a) in connection with the preparation of their income tax returns or financial statements, (b) to make required disclosures in connection with loans, loan applications, insurance policies or insurance applications, (c) in order to enforce or comply with this Settlement Agreement, (d) in order to comply with orders, investigations and process of courts and other government agencies of competent jurisdiction, (e) in order to comply with any disclosure requirements required under North Carolina law, or (f) to communicate to non-parties that the North Carolina Department of Health and Human Services has been fully repaid for any ineligible expenditures of grant funds. If asked about resolution of the litigation or any other matters made confidential by this section by anyone to whom disclosure is not required by law, the parties shall say to that person only that the matter has been resolved to the satisfaction of all parties and that the North Carolina Department of Health and Human Services has been fully repaid for any ineligible expenditures of grant funds. In addition, the parties shall not, directly or indirectly, make or publish any disparaging remarks (orally, in writing, or electronically) to anyone about or regarding any of the parties to this Settlement Agreement concerning any issues or matters related to this Settlement Agreement. For purposes of this non-disparagement provision, non-disparagement shall include all forms of both explicit and implicit disparagement, including but not limited to statements (oral, written or electronic) which have the possibility of creating a negative implication as to or perception of

any other party.

9. **Applicable Law.** North Carolina law shall govern interpretation and enforcement of this Settlement Agreement. This Settlement Agreement may be modified only by a written document signed by all parties to this Settlement Agreement that makes specific reference to this Settlement Agreement. Further, the parties to this Settlement Agreement agree that any litigation that may be necessary to enforce any provision/obligation under the Settlement Agreement shall be brought exclusively in either the federal or state courts located in Wake County, North Carolina.

10. **Multiple Originals and Counterparts.** This Settlement Agreement may be executed in multiple originals and separate counterparts each of which shall constitute an original and all of which taken together shall constitute the whole Settlement Agreement.

IN WITNESS WHEREOF the parties to this Settlement Agreement have set their hands and seals on this Settlement Agreement on the dates indicated below.

**[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK –  
SIGNATURE PAGES TO FOLLOW]**

**NORTH CAROLINA DEPARTMENT OF HEALTH  
AND HUMAN SERVICES,**  
an agency of the State of North Carolina

By: *Sherry Bradsher*  
Name: Sherry Bradsher (Print)  
Title: Deputy Secretary, Human Services – NC DHHS  
Date: August 22, 2014

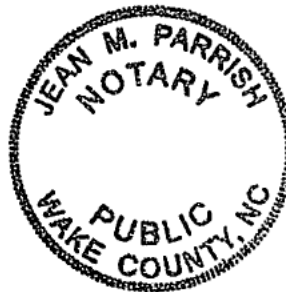
STATE OF NORTH CAROLINA

COUNTY OF WAKE

I certify that the following person personally appeared before me this day, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: \_\_\_\_\_.

Date: 8-22, 2014

Notary Public: *Jean M. Parrish*  
Printed Name: Jean M. Parrish  
My Commission Expires: 8-28-16



CONNECTINC, INC.,  
a North Carolina non-profit corporation

By: [Signature]  
Name: H. DAVID BRUTON (Print)  
Title: Chairman  
Date: August 28 2014

STATE OF North Carolina

COUNTY OF Moore

I certify that the following person personally appeared before me this day, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: H. David Bruton

Date: August 28, 2014

Notary Public: [Signature]  
Printed Name: Shelia C. Howard  
My Commission Expires: 4-30-16

SHELIA C HOWARD NOTARY PUBLIC MOORE COUNTY, NC My Commission Expires 4-30-2016
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**PHILADELPHIA INDEMNITY INSURANCE  
COMPANY, a Pennsylvania corporation**

By: *Sharon Eggert*  
Name: Sharon Eggert (Print)  
Title: Senior Claims Examiner  
Date: August   , 2014

STATE OF PA

COUNTY OF Montgomery

I certify that the following person personally appeared before me this day, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: \_\_\_\_\_

Date: 8/26, 2014

Notary Public: *Paula J. Lare*  
Printed Name: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

